

March 7, 1980

LB 916

SENATOR NEWELL: Senator DeCamp. I have one of those banking bills that I don't understand and I need some education on. This is a bill that Senator Clark introduced to merge...

SENATOR DE CAMP: Oh, this is a good bill. It's okay.

SENATOR NEWELL: Yes, I know. If we could dispense with the trust me arguments for a minute and explain it to me a little bit I would appreciate it. It is not like I don't trust you, Senator DeCamp, it is just that I sometimes like to understand what I am voting on as opposed to just voting on.

SENATOR DE CAMP: Well, these new standards for voting are becoming ridiculous but anyway. The bill is a...you might call it a technical set up to make sure that we can do the same thing that they can do at the federal level. Let me try to explain simply. One of the most effective ways for a number of stockholders to own a bank, of course, is to have a holding company, from tax benefits, from control, from everything, to set up a holding company for let's say a bank that wants to do it now that doesn't have one, under our present statutes would require basically, they could get approval for a completely separate bank, proving necessity and need and so on and so forth. They don't want to do that. All they want to do is turn their existing bank into a holding company. So we are going to allow them kind of to create or with the control and supervision of the Department of Banking, what you might call a phantom bank that will never be used but it will be used as the structure or technical device so that they can have a holding company. Is that about right, Senator Clark? Okay. That is all it is.

SENATOR NEWELL: Okay, let me ask this question. It says that in the case of the bank organizations to merge with an existing bank there shall be a rebuttable presumption that the public necessity, convenience and advantage will be met by the merger of the two banks except that such presumption shall not apply when a new bank is formed by a merger is at a different location than that of the former existing bank. Now I take at least the first part of that paragraph to mean that-- actually that is a sentence, believe it or not--to mean that the Banking Department, the presumption here is that it is beneficial, that is a public necessity, the convenience and an advantage to merge. Now what would prevent large state banks, since this applies only to state banks, from or even small state banks from merging? What would prevent them from merging? Is this as I fear it might be or could it possibly be another way of getting a multibank holding company?